



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Utah State Office

P.O. Box 45155

Salt Lake City, UT 84145-0155

<http://www.blm.gov>



IN REPLY REFER TO:

3590

UTU-0126943

(UT-923)

RECEIVED

JUL 18 2006

JUL 19 2006

DIV. OF OIL, GAS & MINING

CERTIFIED MAIL--Return Receipt Requested

Mr. Rich LiConti
American Gilsonite Company
HC 73 Box 28
Vernal, Utah 84078

Re: Mining Plan for Federal Gilsonite Lease UTU-0126943

MINING PLAN APPROVAL

Dear Mr. White:

Background- The Bureau of Land Management (BLM) Utah State Office, received your mining plan dated June 26, 2006. The proposed mining plan includes driving a drift just below the 30 foot surface barrier pillar and then mining a slope to the Northwest. The exploration drift will be left intact and will not be pulled as part of this extraction. There will be no surface impact; all work will be accomplished from underground.

Approval- The mining plan is approved to drive a drift under a 30 foot surface pillar and then mine a slope about 550-600 feet in length (see enclosure). Mining this slope will not exceed 90 feet down the vein on Federal Gilsonite Lease UTU-0126943. The emergency hoist that is non-compliance in hereby also approved.

Conditions of Approval- There will be no further surface disturbance due to this action in accordance with the plan.

Notices-

1. The lessee shall abide by all proposed committed practices in the mine plan and the lease. Reporting Paleontological resources to the Vernal Field Office if found in the mine (point of contact would be John Mayers at 781-4400).
 - a. Any water used will be available under AGC's water right number 49-222.

- b. If ground water is encountered in quantities of greater than 5 gallons per minute it will be reported to the BLM and handled under the committed practices.
- c. No chemicals subject to SARA Title III in amounts greater than 10,000 lbs will be used.
- 2. Royalties will be paid in accordance with lease terms and conditions.
- 3. Any modifications to the plan must be approved by the Authorized Officer prior to implementation.

NEPA- The National Environmental Policy Act has been complied with by DNA (Determination of NEPA adequacy) UT-080-2003-236 and the Finding of No Significant Impact UT-080-2006-346.

Bonding- American Gilsonite currently has a \$120,000 statewide bond on file with BLM. This bond is deemed to be sufficient. BLM has the right to adjust the bond at any time.

Other Approvals- This approval only constitutes approval under the Mineral Leasing Act of 1920 as amended and does not constitute any other approvals that are necessary from other agencies or offices.

For further information contact Mr. Stan Perkes, (801) 539-4036.

Sincerely,

JAMES F KOHLER

James F. Kohler
Chief, Solids Minerals Branch

Enclosure

bcc: Central Files
Vernal Field Office
Utah Division of Oil, Gas, and Mining (Attn. Doug Jensen), P.O. Box 145801 SLC, UT 84114-5801
Files - UTU-0126943
Chron File

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